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C O N F I D E N T I A L STATE 111290

FOR DICK PETRIE PASS TO AMBASSADOR YOUNG

FOLLOWING REPEAT ANKARA 3233, SENT SECSTATE INFO ATHENS BONN BRUSSELS
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QUOTE C O N F I D E N T I A L ANKARA 3233

USEEC

E.O. 11652: GDS
TAGS: PBOR, CY, TU, UN
SUBJ: INITIAL TURKISH CYPRIOT PROPOSALS: MILLIYET VERSION

REF: ANKARA 3155

1. BEGIN CONFIDENTIAL: SUMMARY: APRIL 26 PRESS
ARTICLE, CLEARLY BASED ON OFFICIAL SOURCES, GIVES DETAILS OF
INITIAL TURKISH CYPRIOT PROPOSALS TO BE USED AS BASIS
FOR REOPENED INTERCOMMUNAL TALKS. MOST NOTEWORTHY ELEMENT
IS THE REPEATED EMPHASIS ON THE TURKISH POSITION THAT THESE
ARE ONLY OPENING PROPOSALS AND CONTAIN LARGE ELEMENT OF
CONFIDENTIAL

PAGE 02 STATE 111290

FLEXIBILITY. WRITER OF ARTICLE TOLD EMBOFF APRIL 25 THAT
TURKISH SIDE IS WILLING TO ACCEPT TURKISH CYPRIOT ZONE
ABOUT SIX PERCENT SMALLER THAN THE 32 PERCENT OF THE ISLAND
SHE SAYS IS ENVISIONED IN THE INITIAL PROPOSALS. END SUMMARY
END CONFIDENTIAL

2. BEGIN UNCLASSIFIED: APRIL 26 EDITION OF MODERATE
LEFTIST, PRO-GOVERNMENT MILLIYET CONTAINS THE FOLLOWING
ARTICLE, ENTITLED, "INITIAL PROPOSALS LEAVE 32 PERCENT
OF THE LAND TO TURKISH CYPRIOTS", BY DIPLOMATIC REPORTER

NILUFER YALCIN, WHO IS KNOWN TO HAVE GOOD CONTACTS WITHIN THE GOVERNMENT.

BEGIN TEXT:

IT IS REPORTED THAT SECTIONS OF INITIAL PROPOSALS OF TURKISH CYPRIOTS CONCERNING TERRITORY AND VAROSH LEAVE 32 PERCENT OF THE ISLAND TO TURKISHCYPRIOTS. ENABLING 50-60 THOUSAND GREEK CYPRIOT MIGRANTS TO RETURN TO THEIR HOMES, AND EXTENDING TAX EXEMPTION AND OTHER FACILITIES TO THOSE WHO WILL RESETTLE AT AVROSHA.

WHILE GREEK CYPRIOT REPRESENTATIVES IN VARIOUS CAPITALS OF FOREIGN COUNTRIES ARE DISCLOSING THESE PROPOSALS TO THE PRESS, THEY ARE ALSO MAKING THEIR OWN PROPAGANDA STATING THAT ADOPTION OF THESE PROPOSALS WILL MEAN "SUICIDE" FOR THEM. MANY FOREIGN NEWSPAPERS, BASING THEIR COMMENTS ON THIS INFORMATION PROVIDED BY GREEK CYPRIOTS, CLAIM THAT TURKISH PROPOSALS ARE INADEQUATE. POLITICAL QUARTERS IN ANKARA, HOWEVER, STATE THAT THESE PROPOSALS CONSTITUTE "A BEGINNING FOR NEGOTIATIONS" AND POINT OUT THAT CONSTITUTIONAL, LAND AND MARAS PROPOSALS MAY BE SUBJECT TO NEGOTIATIONS AT LENGTH AT THE TABLE. THE TEXT OF PROPOSALS CONCERNING TERRITORY AND VAROSHA, PARTS OF WHICH HAVE APPEARED IN THE FOREIGN PRESS, IS GIVEN BELOW:
CONFIDENTIAL

PAGE 03 STATE 111290

--PROPOSALS CONCERNING LAND AND JOINT WATER PROJECT

1. THE LINE BETWEEN TURKISH AND GREEK CYPRIOT ZONES WILL BE RE-ADJUSTED.
2. ERENKOY (KOKKINA), GIZILER (AVLONA), AKINCILAR (LOUROUJINA), TUGRULLU (TROULLI), DUZCE AND THE AREA REMAINING IN THE SOUTH OF VAROSHA AND DERINIA WILL BE INCLUDED IN THIS READJUSTMENT.
3. A LARGE PART OF "ADVANCE DEFENSE LINES" PRESENTLY EXISTING ON THE ISLAND WILL ALSO BE SUBJECT TO READJUSTMENT.
4. GREEK CYPRIOTS WILL BE COMPLETELY FREE TO USE THE LAND, FACTORIES, AND SIMILAR INSTALLATIONS OF THE AREAS WHICH WILL REMAIN ON THE GREEK SIDE OF THE READJUSTED LINE, INCLUDING THOSE IN THE SECTOR OF ADVANCE DEFENSE LINES, AND A CONSIDERABLE GREEK CYPRIOT POPULATION MAY BE ABLE TO SETTLE IN VILLAGES IN THIS AREA.
5. PROPOSALS CONCERNING VAROSHA REGION ARE GIVEN SEPARATELY.
6. IN ACCORDANCE WITH THE AGREEMENT TO BE REACHED, TURKISH CYPRIOTS WILL ABANDON THEIR RIGHTS ON THE PROPERTY REMAINING WITHIN THE SOVEREIGN BASES ON THE ISLAND.
7. IN ORDER TO INCREASE THE PRODUCTIVITY OF THE LAND OF BOTH COMMUNITIES, A WATER PIPE-LINE PROJECT, WITH AN ESTIMATED COST OF 150-200 MILLION DOLLARS, TO BRING WATER TO THE ISLAND FROM TURKEY,

WILL BE SUBMITTED FOR NEGOTIATIONS AS A JOINT PROJECT AND WITHIN THE FRAMEWORK OF THE SOLUTION OF LAND QUESTION.

--PROPOSALS CONCERNING VAROSHA

GREEK CYPRIOTS AND OTHER PERSONS WHO RETURN TO VAROSHA WILL BE SUBJECT TO TFSC (TURKISH FEDERATED STATE OF CYPRUS) LAWS AND REGULATIONS.

CONFIDENTIAL

PAGE 04 STATE 111290

SPECIAL EMPHASIS WILL BE GIVEN TO THE RESTORATION OF THIS AREA AS A TOURISTIC RESORT AREA AND TFSC WILL RECOGNIZE ALL TAX AND OTHER FACILITIES TO THE OWNERS OF THESE INSTALLATIONS IN ORDER TO ENABLE THEM TO REOPEN THEIR PROPERTY FOR OPERATION. GREEK CYPRIOT PROPERTY OWNERS WILL SETTLE IN THE AREA REMAINING IN THE EAST OF DERINIA STREET AND IN THE SOUTH OF DEMOCRATIC AND ASTEROSKOPIU STREETS.

--WHAT DO GREEK CYPRIOTS GAIN WITH THESE INITIAL PROPOSALS?

TURKISH CYPRIOTS ARE GIVING THE FOLLOWING ADVANTAGES TO THE OTHER SIDE WITH THESE PROPOSALS, REJECTED BY KYPRIANOU WITH DISCUSSIONS STILL TO BEGIN PURELY FOR THE PURPOSE OF UNFAVORABLY INFLUENCING THE US CONGRESS:

1. IF THE AREA MENTIONED IN TERRITORIAL PROPOSALS INCLUDING SIX VILLAGES, NAMES OF WHICH HAVE ALREADY BEEN GIVEN, AND THE AREA COVERED BY SO-CALLED "ADVANCE DEFENSE LINES," COVERING A TOTAL LAND AREA OF 2.5 TO 3 PERCENT ARE LEFT TO GREEK CYPRIOTS, TURKISH CYPRIOTS WILL HAVE APPROXIMATELY 32 PERCENT OF THE TOTAL LAND. THIS RATIO MAY CHANGE DURING NEGOTIATIONS ACCORDING TO DEVELOPMENTS IN A PACKAGE AGREEMENT.

2. GREEK CYPRIOTS WILL HAVE UNRESTRICTED RIGHTS OF SETTLEMENT AND ACQUISITION OF PROPERTY OVER THE LAND TO BE LEFT TO THEM AFTER READJUSTMENT OF THE LINE.

PRESENTLY TURKISH CYPRIOTS OWN A TOTAL OF 3 TO 4 THOUSAND DONUM ON SOVEREIGN BRITISH BASE OF DHEKELIA AND ARE CULTIVATING THIS LAND. IN TURKISH PROPOSALS OWNERSHIP RIGHTS ON THIS LAND ARE BEING ABANDONED AND GREEK CYPRIOTS ARE BEING GIVEN THE POSSIBILITY

CONFIDENTIAL

PAGE 05 STATE 111290

OF USING THIS LAND. PRESENTLY, THIS LAND IS BEING FARMED AND BEST QUALITY POTATOES ARE BEING RAISED THERE.

--PROPOSALS IN CONNECTION WITH VAROSHA

WITH THESE PROPOSALS, AFTER NEGOTIATIONS BEGIN, THE VAROSHA REGION

WILL BE GRADUALLY OPENED TO GREEK CYPRIOT AND FOREIGN OWNERS AND THESE PERSONS WILL BE ABLE TO SETTLE AND REOPEN THEIR FACILITIES FOR OPERATION EVEN BEFORE NEGOTIATIONS ARE CONCLUDED. HOWEVER, IT APPEARS THAT IT WILL BE UNAVOIDABLE TO KEEP THE VAROSHA AREA UNDER TFSC LAWS AND REGULATIONS UNTIL A FIRM AGREEMENT IS REACHED. ON THE OTHER HAND, IT IS NOT POSSIBLE TO DETERMINE THE STATUS OF VAROSHA IN ADVANCE. THIS SUBJECT WILL BE SETTLED, LIKE THE OTHERS, AT THE END OF NEGOTIATIONS.

FURTHERMORE, THE AREA INDICATED FOR GREEK CYPRIOT RESETTLEMENT WITHIN THE THREE STREETS IS APPROXIMATELY TWO-THIRDS OF THE WHOLE OF MARAS AND ALL LARGE HOTELS ARE IN THIS SECTION. IT WILL BE POSSIBLE FOR 30 THOUSAND GREEK CYPRIOTS TO SETTLE IN THIS SECTION.

AFTER NEGOTIATIONS BEGIN AND AS THE TURKISH CYPRIOT SIDE OPENS VAROSHA TO SETTLEMENT GRADUALLY, GREEK CYPRIOT PROPERTY OWNERS WILL BE RECOGNIZED TAX EXEMPTIONS IN IMPORTS, REPAIRS OF FACILITIES, FOREIGN CURRENCY REQUIREMENTS, AND EXTENDED IMPORT FACILITIES. THIS HAS BEEN CLEARLY INDICATED IN THE TEXT OF THE PROPOSALS.

SINCE TFSC ENVISAGES OPENING THE PORT AND ITS VICINITY AS A DUTY FREE ZONE GREEK CYPRIOTS SETTLING IN THIS SECTION WILL ALSO BE ABLE TO TAKE ADVANTAGE OF THESE FACILITIES. GREEK CYPRIOTS WILL BE RECOGNIZED THE SAME EXEMPTIONS.

THE ONLY REASON FOR THE DELIMITATION OF THE AREA TO BE SETTLED BY GREEK CYPRIOTS IS THAT DURING THE FIRST PEACE OPERATION AND THEREAFTER, GREEK CYPRIOT FORCES AT VAROSHA SHELLED TURKISH CYPRIOTS AT MAGOSA CASTLE AND IN THE CITY CONTINUOUSLY FOR THREE WEEKS. FOR CONFIDENTIAL

PAGE 06 STATE 111290

THIS REASON, TFSC HAS FOUND IT HARMFUL TO LET GREEK CYPRIOTS SETTLE ON THE IMMEDIATE BORDER OF THE AREA INHABITED BY TURKISH CYPRIOTS AND CLOSED A SMALL SECTION ON THE NORTH OF VAROSHA TO GREEK CYPRIOTS SETTLEMENT. THIS IS A VIEW COMPLETELY CONCERNING SECURITY.

--50 TO 60 THOUSAND GREEK CYPRIOTS MAY RETURN

ACCORDING TO CALCULATIONS BASED ON THE STARTING POINT OF THE TURKISH PROPOSALS, 50 TO 60 THOUSAND GREEK CYPRIOTS MAY BE ABLE TO SETTLE IN THIS AREA EVEN IF THE PROPOSALS ARE ACCEPTED WITHOUT ANY AMENDMENT. ACCORDING TO DOCUMENTS IN THE HANDS OF TFSC, GREEK CYPRIOT POPULATION LIVING IN THE NORTH BEFORE PEACE OPERATION BEGAN WAS IN THE VICINITY OF 120 THOUSAND. APPROXIMATELY 2000 OF THIS POPULATION REMAINED IN KARPASS AREA. HOWEVER, APPROXIMATELY 70 THOUSAND TURKISH CYPRIOTS WHO WERE LIVING IN THE SOUTH MOVED TO NORTH. THEIR HOUSES HAVE BEEN TAKEN OVER BY GREEK CYPRIOTS AND THEIR LAND HAS BEEN DISTRIBUTED TO THEM. FURTHERMORE, IN THE PAST THREE YEARS, IT HAS BEEN POSSIBLE TO REHABILITATE THE MAJORITY OF THE GREEK CYPRIOT POPULATION WITH

700 MILLION DOLLARS WORTH OF GRANT AID. THIS MEANS AID OF 1500 DOLLARS PER GREEK CYPRIOT. DESPITE THESE FACTS, TAKING INTO CONSIDERATION A DIFFERENCE OF 50 THOUSAND BETWEEN TURKISH AND GREEK CYPRIOT REFUGEES, THE TERRITORIAL PROPOSALS HAVE BEEN MADE ON AN "OPEN TO NEGOTIATIONS" BASIS TO ENABLE THE RESETTLEMENT OF GREEK CYPRIOTS IN THE SAME NUMBER. CONSTITUTIONAL PROPOSALS, GIVING EXTENSIVE CONSIDERATION TO HUMAN RIGHTS AND FREEDOMS, ADOPTING ALL INDIVIDUAL RIGHTS AND FREEDOMS STIPULATED IN INTERNATIONAL AGREEMENTS, ARE BASED ON THE FOUNDATION OF THE AGREEMENT REACHED BETWEEN MAKARIOS AND DENKTAS, WHICH ESTABLISHED FOUR PRINCIPLES; IN THESE PROPOSALS IT HAS BEEN STIPULATED THAT THE CONSTITUTION WILL BE OPEN TO ALL AMENDMENTS WITH THE EXCEPTION OF "BICOMMUNAL AND BIZONAL" CHARACTER

CONFIDENTIAL

PAGE 07 STATE 111290

OF THE FEDERAL STATE.

IN THE CONSTITUTIONAL PROPOSALS OF TFSC, A STATE AUTHORITY IS STIPULATED BASED ON "COOPERATION AND COORDINATION SYSTEM" IN FUNCTIONS INCLUDING "FOREIGN AFFAIRS, EXTERNAL SECURITY AND DEFENSE, BANKING AND FINANCIAL AFFAIRS, FEDERAL BUDGET, EXTERNAL COMMUNICATIONS, FEDERAL HEALTH SERVICES, MEASURES AND STANDARDS, TOURISM AND INFORMATION SERVICES," AND THREE AUTONOMOUS INSTITUTIONS ARE ESTABLISHED:

1. FEDERAL PUBLIC PROSECUTOR, 2. PRESIDENCY OF FEDERAL ACCOUNTING OFFICE, 3. FEDERAL CENTRAL BANK.

IN THESE INSTITUTIONS, THE TWO COMMUNITIES WILL FUNCTION TOGETHER UNDER EQUAL RESPONSIBILITY. A SEPARATE PROVISION ENVISAGES THE ESTABLISHMENT OF AN "ECONOMIC COORDINATION BOARD." THIS BOARD, TO BE ESTABLISHED WITH THE PARTICIPATION OF THE TWO COMMUNITIES WITH EQUAL NUMBER OF MEMBERS, WILL COORDINATE ALL ECONOMIC AND FISCAL MATTERS AND WILL HAVE THE RESPONSIBILITY OF "ENSURING INTEGRATION IN A GRADUAL AND PROGRESSIVE MANNER" IN SUBJECTS SUCH AS "BANKING, FOREIGN CURRENCY, TAXES AND CURRENCY EXCHANGE, FINANCIAL MATTERS, FEDERAL TAXES AND DUTIES. CUSTOMS DUTIES." THE TFSC'S VIEW IS THAT THIS WAY, AS AN ATMOSPHERE OF MUTUAL CONFIDENCE IS ENSURED BETWEEN THE TWO COMMUNITIES ON THE ISLAND, "A FULL INTEGRATION OR FUSION" WILL TAKE PLACE AND GIVES THIS TASK TO A JOINT BOARD.

STIPULATION OF "THE ESTABLISHMENT OF A FEDERAL ASSEMBLY AND RECOGNITION OF TWO VOTES TO THE PRESIDENT OF THIS ASSEMBLY" ALONGSIDE SEPARATE LEGISLATIVE ORGANS OF THE TWO FEDERATED STATES IS CONSIDERED A SIGN THAT THE RESPONSIBILITIES OF THIS FEDERAL PARLIAMENT ARE GIVEN SERIOUS CONSIDERATION. ON THE OTHER HAND, THE CONSTITUTION ALSO STIPULATES RESORT TO A REFERENDUM IN CASE FRICTION EMERGES IF THE PRESIDENT OF THIS PARLIAMENT DOES NOT ACT IMPARTIALLY.

CONFIDENTIAL

PAGE 08 STATE 111290

IN THE CONSTITUTIONAL PROPOSALS, THE NUMBER OF CABINET MINISTERS AND WHICH COMMUNITY WILL HAVE WHICH MINISTRIES ARE NOT STIPULATED. MINISTERS WILL BE APPOINTED BY JOINT DECREE OF THE PRESIDENTS OF THE TWO FEDERATED STATES.

THE RULE THAT MINISTERS AND UNDERSECRETARIES ARE NOT TO BE FROM THE SAME COMMUNITY, THAT IS, THE PRINCIPLE OF ASSIGNING A TURKISH UNDERSECRETARY TO A GREEK MINISTER, WAS ACCEPTED IN THE 1960 CONSTITUTION, AND THE REASON FOR ESTABLISHING SUCH RULES IS THE DEVELOPMENT OF THE CONCEPT OF COOPERATION AND JOINT EFFORT AMONG THE OFFICIALS OF THE TWO COMMUNITIES. SINCE THE OBJECTIVE IS TO ENABLE THE TWO COMMUNITIES TO LIVE IN PEACE SIDE BY SIDE, ACHIEVEMENT OF THIS OBJECTIVE WITHIN THE STRUCTURE OF THE FEDERAL STATE IS ONLY NATURAL.

ALL THESE OBJECTIVES AND PRINCIPLES HAVE BEEN EXPLAINED TO WALDHEIM IN DETAIL; SIZES OF THE SIX AREAS HAVE BEEN POINTED OUT ON THE MAP AND METHODS OF IMPLEMENTATION OF PROCEDURES NOT CLEARLY DEFINED IN THE TEXT HAVE BEEN CLARIFIED. IT IS KNOWN THAT WALDHEIM HAS ALSO EXPLAINED THESE POINTS TO GREEK CYPRIOTS. END TEXT END UNCLASSIFIED.

3. BEGIN CONFIDENTIAL : COMMENT: MRS YALCIN'S ARTICLE WAS CLEARLY GOVERNMENT-INSPIRED. OF KEY IMPORTANCE ARE THE REPEATED INDICATIONS THAT CYPRIOT TURKISH PROPOSALS WERE INTENDED ONLY TO BE OPENING POSITION AND THAT THERE IS CONSIDERABLE FLEXIBILITY IN THEM. IN CONVERSATION WITH EMBOFF APRIL 25, MRS YALCIN CLAIMED THAT, ALTHOUGH INITIAL TURKISH PROPOSALS WOULD KEEP 32 PERCENT OF THE ISLAND FOR THE TFSC, TURKISH SIDE WOULD BE PREPARED TO COME DOWN BY "SIX PERCENT OR SO" MORE. SPIERS UNQUOTE. VANCE

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